Investment Banking

Valuation, LBOs, M&A, and IPOs

By Joshua Rosenbaum and Joshua Pearl

USE THIS FOR

Move from enterprise value to equity value without losing debt, cash, or units.

BEFORE THE ROUND

- [ ] Write the formula first
- [ ] Circle debt and cash
- [ ] Show the unit
- [ ] Recalculate once

CORE MOVES

- Start with enterprise value = EBITDA x entry multiple.
- Bridge to equity value by subtracting debt and adding cash.
- Keep every figure in one unit before calculating.
- Use the answer choices as a reasonableness check.

QUICK DRILL

EBITDA is $30M, the entry multiple is 7.0x, debt is $65M, and cash is $5M. EV is $210M. Equity value is $150M.

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YOUR NOTES

Apply one idea to your submission. Write the claim and the number that supports it. Then record the risk.